

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:B04

PLR-113244-13

Date:

August 8, 2013

Legend:

Taxpayer =

Target =

Date 1 =

Date 2 =

State A =

Dear :

This letter responds to your March 20, 2013 letter requesting a ruling that upon the purchase by Taxpayer of all of the shares of Target, an S corporation, there will be no period between the termination of its S corporation election and its qualification under section 856(i)(2) of the Internal Revenue Code ("Code") as a qualified real estate

investment trust subsidiary during which Target will be treated as a C corporation.

The information submitted in that letter and in later correspondence is summarized below.

The ruling contained in this letter is based upon facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the information, representations, and other data may be required as part of the audit process.

FACTS

Taxpayer is a corporation that elects to be taxed as a real estate investment trust ("REIT") pursuant to section 856 of the Code. On Date 1, Target was formed as a State A corporation and elected to be taxed as an S corporation under section 1362(a) effective as of its date of incorporation. On Date 2, Taxpayer purchased all of the outstanding stock of Target (the "Acquisition"). Target's S corporation election remained continuously in effect from the date of its incorporation until the Acquisition. No section 338 election was made in connection with the Acquisition and no joint election was made to treat Target as a taxable REIT subsidiary under section 856(l).

Immediately prior to the Acquisition, the fair market value of the assets of Target exceeded the aggregate adjusted bases of such assets. As a result of the Acquisition, Target became a qualified REIT subsidiary of Taxpayer pursuant to section 856(i)(2) and was treated as liquidating into Taxpayer pursuant to section 332.

REPRESENTATIONS:

Taxpayer makes the following representations regarding the Acquisition:

(a) Taxpayer qualified for taxation as a REIT on Date 2 and such qualification remained in effect from Date 2 to the date of this ruling request. Taxpayer intends to maintain its REIT status.

(b) A valid election under section 1362(a) was in effect for Target for each of its taxable years from the date of its incorporation to the date of the Acquisition.

(c) Target's S corporation election was terminated under section 1362(d)(2) as a result of the Acquisition.

(d) Target was not subject to tax under section 1374 for the period during which its section 1362(a) election was in effect.

RULING

Based on the facts provided, there will be no period between the termination under section 1362(d)(2) of Target's S corporation election and its treatment under section 856(i)(2) as a qualified REIT subsidiary during which Target will be treated as a C corporation for federal income tax purposes.

CAVEATS

No opinion is expressed about the federal tax treatment of the transaction under other provisions of the Code or Regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the transaction that are not specifically covered by the above rulings. In particular, no opinion is expressed or implied regarding whether Taxpayer qualifies as a REIT under part II of subchapter M of chapter 1 of the Code; whether Target was a small business corporation under § 1361(b) or whether Target qualifies as a qualified REIT subsidiary under part II of subchapter M of chapter 1 of the Code.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter must be attached to the Federal income tax return of taxpayer for the relevant taxable year. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their returns that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Lisa Fuller
Chief, Branch 5
Office of Associate Chief Counsel (Corporate)